

# Fuel Taxes:

## A State-by-State Comparison

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June 2006



*The 18th amendment to the Washington State Constitution dedicates motor fuel tax collections to “highway purposes.”*



**Washington State  
Department of Transportation**  
Strategic Planning and Programming

# Fuel Taxes:

## A State-by-State Comparison

Fuel Taxes: A State-by-State Comparison is published with the intent to assess and compare Washington's motor fuel tax to that of the other 49 states and the District of Columbia. Throughout the country, state and local governments impose a variety of cents-per-gallon taxes and taxes based on the retail or wholesale price of fuel. Some states also impose environmental or business taxes that translate into cents-per-gallon charges at the pump. To determine how Washington compares to the other states in the nation, the Washington State Department of Transportation semi-annually analyzes data from other states to learn what taxes are imposed on fuel used by cars and trucks traveling on the nation's roads.

This report covers the period from January 1, 2006 through June 30, 2006. Since the last report, three states have experienced changes to their fuel taxes. Wisconsin's rate decreased, Arkansas's environmental assurance fee increased, and Hawaii's ethanol mandate took effect on April 2, 2006. Hawaii's new state law requires 85% of gasoline sold in the state to contain 10% ethanol, which is then exempt from the state 4% excise tax on retail sales.

Washington ranked 9<sup>th</sup> with Rhode Island among the 50 states and the District of Columbia for combined state, federal, and local gasoline taxes for the first half of 2006. A majority of the states (28) have combined fuel tax rates that fall within the 20¢ to 30¢ range, eleven states fall into the 30¢ to 40¢ range, two states (New York and Hawaii) fall above 40¢ and the remaining ten have combined fuel tax rates under 20¢. Washington's motor fuel taxes are in the top 20 percent nationally. The national average state and local gasoline tax rate for this six-month period is

24.90¢ per gallon. Washington's 31¢ tax rate is similar to the other western states (Oregon 27.0¢, Nevada 32.51¢, and Montana 27.75¢) but still lower than states with congestion problems similar to ours (California 38.12¢, Illinois 36.71¢, and New York 45.13¢).

The nationwide average tax on gasoline is 43.3 cents per gallon as of June 30, 2006. The federal tax on gasoline is 18.4 cents per gallon. The average state gasoline excise tax is 19.88 cents per gallon. Other state taxes average an additional 21.95 cents per gallon to the state tax on gasoline. These other taxes include applicable sales taxes, oil inspection fees, underground storage tank fees, and other miscellaneous environmental fees. Federal and State taxes account for 16.31% of the pump price of gasoline in the nation during the first quarter of 2006 and 18.37% of the pump price of gasoline in Washington State during the first quarter of 2006.

**The Impact of the Combined State and Federal Motor Fuel Tax Rates at the Pump**

(dollars per gallon)

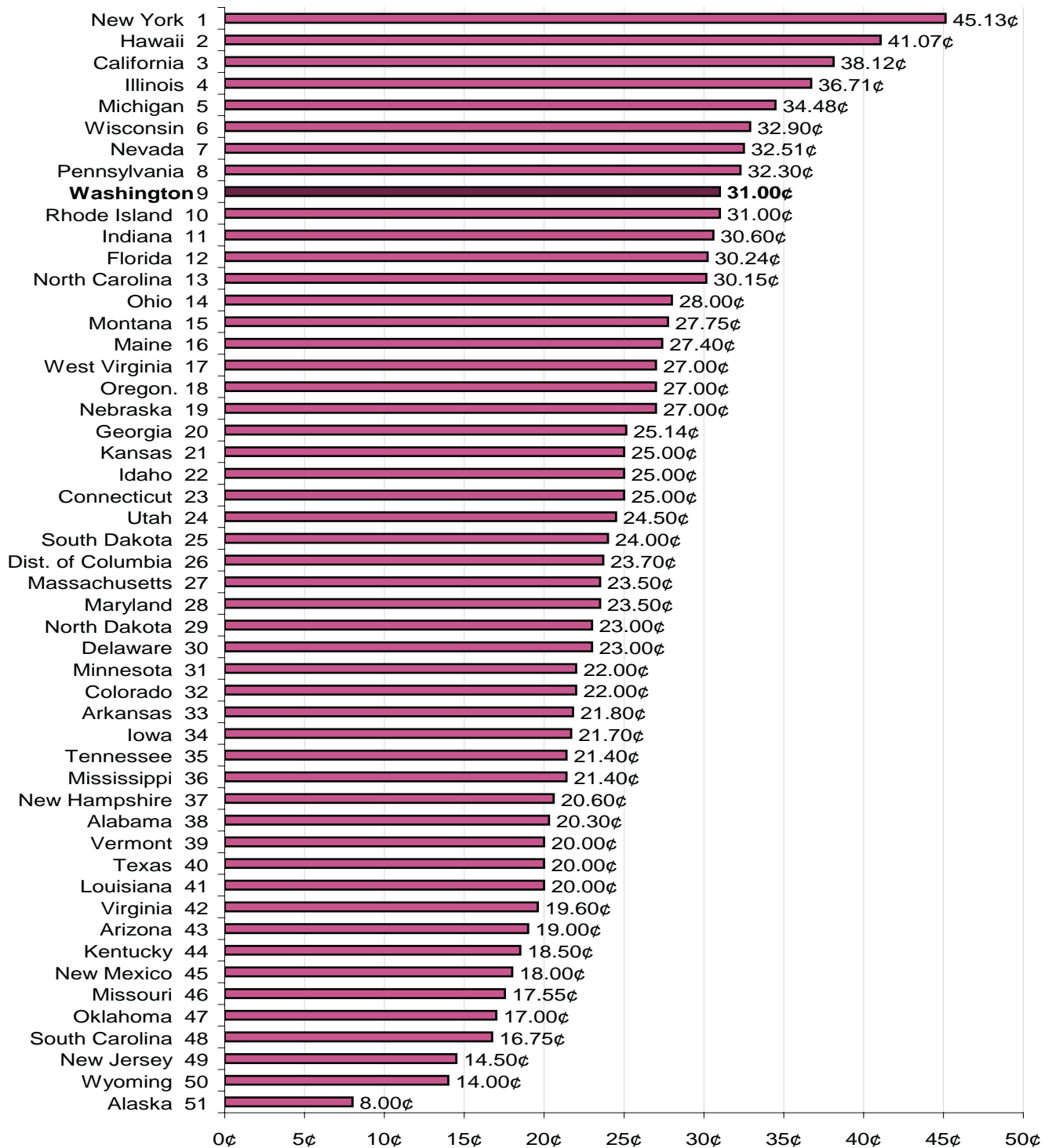
	Washington	United States
Average Retail Price of Gasoline	\$2.69	\$2.64
Average Motor Fuel Tax Rate	\$0.49	\$0.43
Motor Fuel Tax as a Percentage of the Retail Price of Gasoline	18.37%	16.31%

Source: The U.S. Energy Information Administration  
motor fuel prices for the period of January 2006-June 2006.

*The information in this report is gathered primarily from the Commerce Clearing House (CCH) State Tax Guide, Statute Summaries. In addition, data was supplemented with information supplied by individual states, official DOT websites and telephone interviews with officials in selected states.*

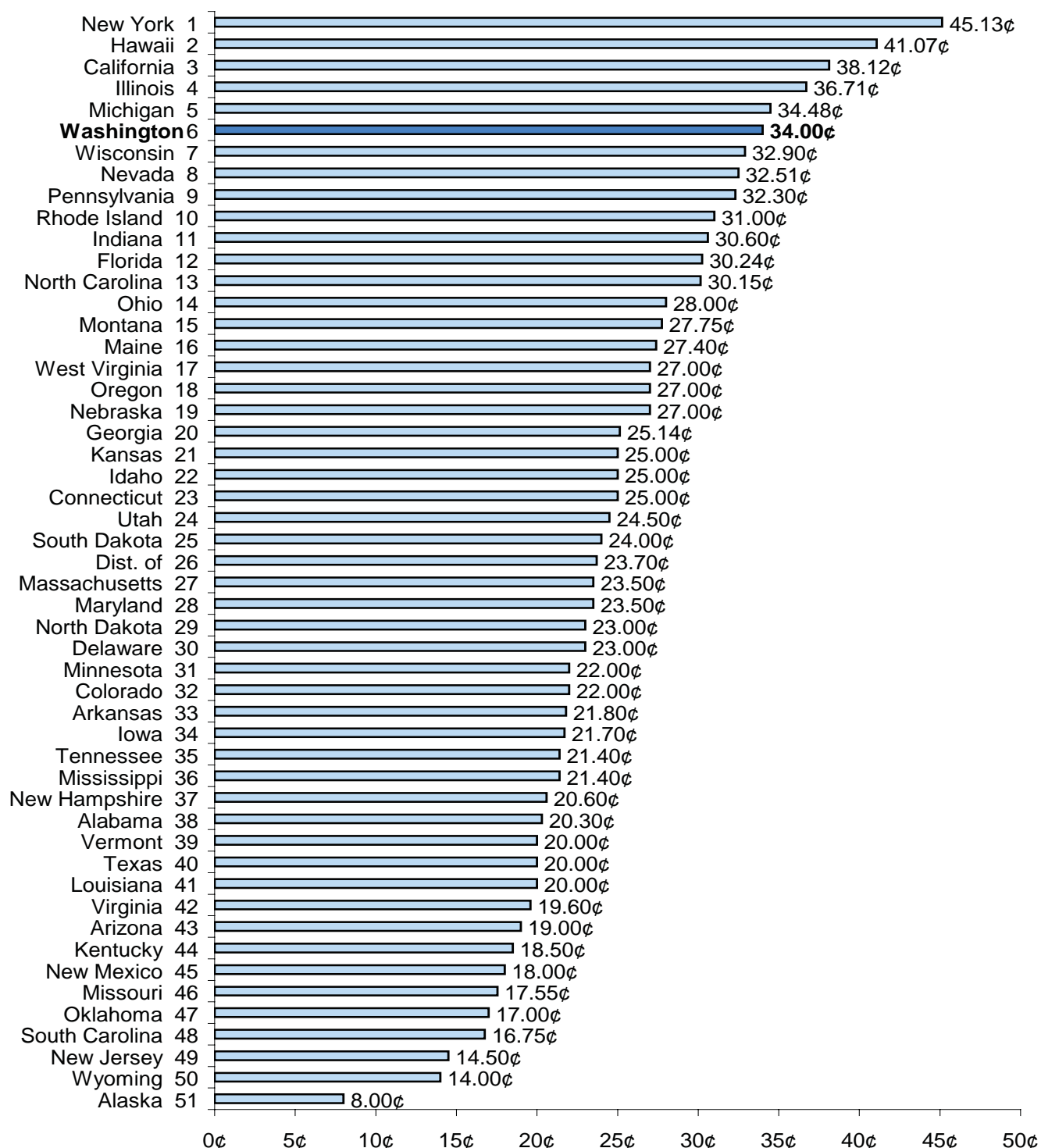
# State-by-State Combined State and Local Tax Rate Comparison

## January 2006 through June 2006



# Projected State-by-State Combined State and Local Tax Rate Comparison

Including Washington's gas tax increase of 3.0¢, effective July 1, 2006



The data used in this report is for the period of January 2006 through June 2006. This chart is a projected look at the fifty states and the District of Columbia over the next six months and the actual ranking may not reflect changes in other state's gas tax rates due to recent legislation or scheduled adjustments. The price of gasoline used for this analysis is the weekly average for the period of January 2006 through June 2006, 263.9¢ per gallon for all grades, all formulations, supplied by the Energy Information Administration because some state periodically recalculate fuel excise taxes based on economic factors, including the price of fuel.